

2003 BCSECCOM 675

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the prospectus requirement for first trades of securities acquired from a spin-off transaction where the resulting issuers become reporting in one Canadian jurisdiction – relief equivalent to section 2.14 of MI 45-102, except for reporting issuer status

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 76

MI 45-102 *Resale Restrictions*, s. 2.14

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUÉBEC, NEWFOUNDLAND AND LABRADOR, NEW BRUNSWICK,
NOVA SCOTIA, THE YUKON TERRITORY, THE NORTHWEST
TERRITORIES AND NUNAVUT**

**AND IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS**

**AND IN THE MATTER OF GENERAL MOTORS CORPORATION,
HUGHES ELECTRONICS CORPORATION AND THE NEWS
CORPORATION LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Québec and the Yukon Territory (the “Hughes Distribution Relief Jurisdictions”) has received an application from General Motors Corporation (“GM”), Hughes Electronics Corporation (“Hughes”) and The News Corporation Limited (“News Corporation”) for a decision under the securities legislation (the “Legislation”) of each of the Hughes Distribution Relief Jurisdictions that the Registration Requirements and the Prospectus Requirements shall not apply to trades to holders of GM common stock in connection with the transactions described below;

AND WHEREAS the Decision Maker in each of Québec, Manitoba, New Brunswick, the Northwest Territories, the Yukon Territory and Nunavut (together, the “News Distribution Relief Jurisdictions”) has received an application from GM, Hughes and News Corporation for a decision under the Legislation of each of the News Distribution Relief Jurisdictions that the Registration Requirements and the Prospectus Requirements shall not apply to a distribution by News

2003 BCSECCOM 675

Corporation of News Corporation Preferred ADSs in connection with the transactions described below;

AND WHEREAS the Decision Maker in each of Québec, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut (the "Resale Jurisdictions") has received an application from GM, Hughes and News Corporation for a decision under the Legislation of each of the Resale Jurisdictions that the first trade in (and in Québec, the alienation of) the securities acquired pursuant to the transactions described below shall be exempt from the Prospectus Requirements;

AND WHEREAS the Decision Makers in Québec, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador and Nova Scotia (collectively, the "Hughes Listing Relief Jurisdictions") have received an application from GM, Hughes and News Corporation for a decision under the Legislation of each of the Hughes Listing Relief Jurisdictions that GM, Hughes and News Corporation may represent in a consent solicitation disclosure document being sent to shareholders that Hughes common stock will be listed on the New York Stock Exchange;

AND WHEREAS the Decision Makers in Québec, Manitoba and Nova Scotia (collectively, the "News Listing Relief Jurisdictions") have received an application from GM, Hughes and News Corporation for a decision under the Legislation of each of the News Listing Relief Jurisdictions that GM, Hughes and News Corporation may represent in a consent solicitation disclosure document being sent to shareholders that News Corporation Preferred ADSs will be listed on the New York Stock Exchange;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Québec Securities Commission is the principal regulator for this application;

AND WHEREAS unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions, or in Québec Commission Notice 14-101;

AND WHEREAS GM, Hughes and News Corporation have represented to the Decision Makers that:

1. GM is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in Detroit, Michigan. GM is primarily engaged in the automotive industry and, through its wholly owned subsidiary, Hughes, the telecommunications and media industries. GM is the

2003 BCSECCOM 675

world's largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries.

2. GM currently has two classes of common stock outstanding: common stock, \$1-2/3 par value per share ("GM \$1-2/3 par value common stock") and Class H common stock, \$0.10 par value per share ("GM Class H common stock"). GM Class H common stock is a "tracking stock" of GM designed to provide holders with financial returns based on the financial performance of Hughes.
3. GM \$1-2/3 par value common stock is listed on The Toronto Stock Exchange under the symbol "GM". GM Class H common stock is not listed on any Canadian stock exchange. GM \$1-2/3 par value common stock and GM Class H common stock are listed on exchanges outside of Canada, including the New York Stock Exchange ("NYSE"), on which such stocks are listed under the symbols "GM" and "GMH", respectively.
4. As of June 19, 2003, based on GM's stock transfer records, there were approximately:
 - (a) 1,108,119,000 shares of GM Class H common stock outstanding worldwide;
 - (b) 200,000 shares of GM Class H common stock outstanding and held directly by residents of Canada, representing approximately 0.02% of the total outstanding shares of GM Class H common stock;
 - (c) 560,704,000 shares of GM \$1-2/3 par value common stock outstanding worldwide; and
 - (d) 866,000 shares of GM \$1-2/3 par value common stock outstanding and held directly by residents of Canada, representing approximately 0.16% of the total outstanding shares of GM \$1-2/3 par value common stock.
5. GM is a reporting issuer in the provinces of Ontario and Québec and is a "foreign issuer (SEDAR)", as defined in National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR). GM is not a reporting issuer in any other province or territory of Canada and has no present intention of becoming a reporting issuer in any of these jurisdictions.
6. GM is subject to the reporting requirements of the United States Securities Exchange Act of 1934 (the "1934 Act").

2003 BCSECCOM 675

7. Hughes is a corporation incorporated under the laws of the State of Delaware and has its principal executive offices located in El Segundo, California. Hughes is a world-leading provider of digital television entertainment, broadband satellite networks and services on a global basis and has developed a wide range of entertainment, information and communications services for home and business use, including video, data voice, multimedia and Internet services. Hughes is currently a wholly owned subsidiary of GM.
8. Hughes currently has two classes of common stock outstanding: common stock, par value \$0.01 per share ("Hughes common stock") and Class B common stock, par value \$0.01 per share ("Hughes Class B common stock").
9. Hughes is not a reporting issuer in any Canadian province or territory.
10. News Corporation is a corporation incorporated under the laws of the Commonwealth of Australia and has its principal executive offices located in Surry Hills, New South Wales, Australia. News Corporation is a diversified international media and entertainment company with operations in a number of industry segments, including filmed entertainment, television, cable network programming, magazines and inserts, newspapers and book publishing. The activities of News Corporation are conducted principally in the United States, the United Kingdom, Italy, Asia, Australia and the Pacific Basin.
11. News Corporation currently has two types of shares outstanding: preferred limited voting ordinary shares ("Preferred Ordinary Shares") and ordinary shares ("Ordinary Shares").
12. News Corporation also has outstanding preferred American depositary shares ("News Corporation Preferred ADSs"), representing four Preferred Ordinary Shares, and ordinary American depositary shares ("News Corporation Ordinary ADSs"), representing four Ordinary Shares. The News Corporation Preferred ADSs and the News Corporation Ordinary ADSs are listed on the NYSE and traded under the symbol "NWS.A." and "NWS", respectively. In accordance with the rules of the NYSE, the Preferred Ordinary Shares and Ordinary Shares are also listed on the NYSE solely in connection with the listing of the News Corporation Preferred ADSs and the News Corporation Ordinary ADSs, but without the ability to trade.
13. Each holder of News Corporation Preferred ADSs is entitled to withdraw the underlying Preferred Ordinary Shares at any time by surrendering the American Depositary Receipts representing the News Corporation Preferred ADSs with the Depository, as defined in the amended and restated deposit

2003 BCSECCOM 675

agreement dated as of December 3, 1996, as amended by the letter agreement dated as of December 17, 2001, between News Corporation, Citibank, N.A., as depositary, and the holders from time to time of the News Corporation Preferred ADSs.

14. As of June 23, 2003, based on News Corporation's stock transfer records, there were approximately:
 - (a) 2,097,411,000 Ordinary Shares, 3,230,088,000 Preferred Ordinary Shares, 465,456,000 News Corporation Preferred ADSs and 86,297,000 News Corporation Ordinary ADSs outstanding worldwide; and
 - (b) 48,000 Ordinary Shares, 35,000 Preferred Ordinary Shares, 3,050 News Corporation Preferred ADSs and 2,350 News Corporation Ordinary ADSs outstanding and held directly by residents of Canada, representing approximately 0.0007% of the News Corporation Preferred ADSs and 0.003% of the total News Corporation Ordinary ADSs.
15. News Corporation is not a reporting issuer in any Canadian province or territory.
16. News Publishing Australia Limited ("NPAL") is a corporation incorporated under the laws of Delaware and has principal executive offices located in New York, New York. NPAL is a wholly owned subsidiary of News Corporation. NPAL engages, through its subsidiaries, in News Corporation's businesses conducted in the United States. NPAL is the subsidiary of News Corporation that is acquiring 34% of Hughes pursuant to the Transactions (as defined below).
17. NPAL is not a reporting issuer in any Canadian province or territory.
18. GMH Merger Sub, Inc. ("GMH Merger Sub") is a corporation incorporated under the laws of Delaware. GMH Merger Sub does not carry on any active business and has been incorporated solely for the purpose of effecting the Transactions (as defined below).
19. GMH Merger Sub is not a reporting issuer in any Canadian province or territory.
20. GM, Hughes and News Corporation have announced plans to enter into a series of transactions (the "Transactions") that would result in the separation of the business of Hughes from GM and the acquisition by News Corporation of 34% of Hughes outstanding capital stock.

2003 BCSECCOM 675

21. Pursuant to the Transactions, GM will amend its restated certificate of incorporation to, among other things, make the GM Class H common stock redeemable in exchange for shares of Hughes common stock.
22. In order to split-off the Hughes business (the “Split-Off”), GM will distribute to each holder of GM Class H common stock one share of Hughes common stock in exchange for and in redemption of each share of GM Class H common stock the holder owns (the “Hughes Distribution”). As a result, all outstanding shares of GM Class H common stock will be redeemed and cancelled.
23. Prior to the Hughes Distribution, Hughes will declare and pay to GM a U.S.\$275 million special cash dividend, which is intended to provide GM consideration for the value enhancement to GM Class H common stockholders arising from the exchange of GM Class H common stock, a tracking stock, for asset-based Hughes common stock.
24. After the Hughes Distribution, there will be no shares of GM Class H common stock outstanding. GM \$1-2/3 par value common stock will remain outstanding and will be GM’s only class of common stock.
25. Immediately prior to the Split-Off, GM will own a number of shares of Hughes Class B common stock representing GM’s approximately 19.8% retained economic interest in Hughes. Simultaneously with the Split-Off, GM will sell all of its shares of Hughes Class B common stock to NPAL (the “GM/News Stock Sale”).
26. News Corporation will pay GM a fixed price of U.S.\$14.00 per share in cash for 80% of the shares of Hughes Class B common stock. For the other 20% of the shares of Hughes Class B common stock purchased from GM, News Corporation may elect to pay for such shares in the form of News Corporation Preferred ADSs, cash or in a combination of News Corporation Preferred ADSs and cash.
27. Upon the simultaneous completion of the Split-Off and the GM/News Stock Sale, News Corporation will indirectly own approximately 19.8% of the outstanding equity in Hughes and the former GM Class H common stockholders will own approximately 80.2% of the outstanding equity in Hughes. Immediately following the Split-Off and the GM/News Stock Sale, News Corporation, through its NPAL subsidiary, will then increase its ownership in Hughes to 34% by acquiring an additional approximately 14.2% of the outstanding Hughes common stock from the former GM Class H

2003 BCSECCOM 675

common stockholders that receive Hughes common stock in the split-off share exchange (the “News Stock Acquisition”). News Corporation will acquire these additional shares by merging GMH Merger Sub, a wholly owned subsidiary of NPAL, with and into Hughes (the “Merger”). Hughes will be the surviving company in the Merger.

28. As part of the Merger, each share of Hughes common stock (all of which will be held by the former GM Class H common stockholders) will be converted into the right to receive (i) approximately 0.82336 of a share of Hughes common stock, and (ii) News Corporation Preferred ADSs, cash or a combination of News Corporation Preferred ADSs and cash (at News Corporation’s election) worth approximately U.S.\$2.47, subject to adjustment.
29. News Corporation is a party to the merger agreement for, among other things, the purpose of distributing cash and/or News Corporation Preferred ADSs to holders of Hughes common stock (the “News Distribution”) on the completion of the Merger. The Merger constitutes a “three-cornered merger” in that News Corporation will cause GMH Merger Sub, an indirect wholly owned subsidiary of News Corporation to merge with and into Hughes, with Hughes continuing as the surviving corporation.
30. As a result of the Merger, the former GM Class H common stockholders will retain approximately 82.3% of the Hughes common stock received in the Split-Off. The other approximately 17.7% of the Hughes common stock received in the Split-Off will be exchanged in the Merger.
31. Immediately after the Merger, each share of Hughes Class B common stock will automatically convert into one share of Hughes common stock and Hughes common stock will be the only common stock of Hughes that is outstanding.
32. Application will be made to list the Hughes common stock and News Corporation Preferred ADSs on the NYSE. Such stock will not be listed on any exchange or quoted on any market in Canada. Accordingly, no market for the Hughes common stock and News Corporation Preferred ADSs is expected to develop in Canada.
33. Upon completion of the Transactions, after giving effect to the Hughes Distribution, residents in Canada will not own, directly or indirectly, more than 10 percent of the outstanding shares of Hughes common stock and will not represent in number more than 10 percent of the total number of owners, directly or indirectly, of Hughes common stock and, after giving effect to the News Distribution, residents in Canada will not own, directly or indirectly,

2003 BCSECCOM 675

more than 10 percent of the outstanding Preferred Ordinary Shares (assuming that each outstanding News Corporation Preferred ADS was exchanged for the underlying Preferred Ordinary Shares) and will not represent in number more than 10 percent of the total number of owners, directly or indirectly, of Preferred Ordinary Shares (assuming that each outstanding News Corporation Preferred ADS was exchanged for the underlying Preferred Ordinary Shares).

34. The amendments to GM's restated certificate of incorporation in connection with the Split-Off require the approval of GM stockholders. In addition, GM is asking its stockholders to ratify the Split-Off, the GM/News Stock Sale, the News stock acquisition and the new Hughes certificate of incorporation which ratification is a condition to the completion of the Transactions. GM is seeking such approval and ratifications pursuant to a consent solicitation process. GM, as sole stockholder of Hughes, has already approved the Merger and adopted the merger agreement. In addition, NPAL, as the sole stockholder of GMH Merger Sub, has approved the Merger and adopted the merger agreement. Also, the Hughes and News Corporation boards of directors have unanimously approved the Transactions, and the GM board of directors approved the Transactions by unanimous vote of all those directors present at the applicable GM board meeting.
35. The Transactions will be carried out in accordance with applicable U.S. federal securities laws and U.S. state corporate laws. The requisite GM common stockholder approval of the Transactions will be sought under such laws, and GM common stockholders resident in Canada will have the benefit of any rights and remedies in respect of the consent solicitation disclosure document and related materials furnished in respect of the Transactions as are available under applicable U.S. laws.
36. Holders of GM \$1-2/3 par value common stock and GM Class H common stock resident in Canada will be furnished with the consent solicitation disclosure document and all other materials mailed to GM common stockholders in the United States (except to the extent that such other materials are of relevance only to U.S. residents or U.S. citizens), as applicable, that provide detailed information about the Transactions.
37. Following the Transactions, all continuous disclosure materials relating to Hughes that are furnished to Hughes common stockholders generally will also be furnished to registered Hughes common stockholders resident in Canada, and all continuous materials relating to News Corporation that are furnished to its News Corporation Preferred ADS holders generally will also be furnished to registered News Corporation ADS holders resident in Canada.

2003 BCSECCOM 675

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers in each of the Hughes Distribution Relief Jurisdictions under the Legislation of such jurisdictions is that trades made in connection with the Hughes Distribution shall be exempt from the Registration Requirements and Prospectus Requirements of the Legislation of such jurisdictions;

AND THE DECISION of the Decision Makers in each of the News Distribution Relief Jurisdictions under the Legislation of such jurisdictions is that trades made in connection with the News Distribution shall be exempt from the Registration Requirements and the Prospectus Requirements of the Legislation of such jurisdictions;

AND THE DECISION of the Decision Makers in each of the Resale Jurisdictions under the Legislation of such jurisdictions is that the first trade (and in Québec, the alienation) of the shares of Hughes common stock acquired pursuant to the distributions referred to above shall be exempt from the Prospectus Requirements, provided that:

- (a) after giving effect to the issuance of the shares of Hughes common stock, and any other shares of Hughes common stock that are issued at the same time or as part of the same distribution, residents of Canada will:
 - (i) not own directly or indirectly more than ten percent (10%) of the outstanding shares of Hughes common stock; and
 - (ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of shares of Hughes common stock; and
- (b) Hughes was not a reporting issuer in any jurisdiction that provides for a reporting issuer regime other than Québec at the date of the distribution; and
- (c) such first trade (and in Québec, such alienation) is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

2003 BCSECCOM 675

AND THE DECISION of the Decision Makers in each of the Resale Jurisdictions under the Legislation of such jurisdictions is that the first trade (and in Québec, the alienation) of the News Corporation Preferred ADSs acquired pursuant to the distributions referred to above shall be exempt from the Prospectus Requirements, provided that:

- (a) after giving effect to the issuance of the News Corporation Preferred ADSs, and any other News Corporation Preferred ADSs that are issued at the same time or as part of the same distribution, residents of Canada will:
 - (i) not own directly or indirectly more than ten percent (10%) of the outstanding Preferred Ordinary Shares (assuming that each outstanding News Corporation Preferred ADS was exchanged for the underlying Preferred Ordinary Shares); and
 - (ii) not represent in number more than ten percent (10%) of the total number of owners directly or indirectly of Preferred Ordinary Shares (assuming that each outstanding News Corporation Preferred ADS was exchanged for the underlying Preferred Ordinary Shares); and
- (b) News Corporation was not a reporting issuer in any jurisdiction that provides for a reporting issuer regime other than Québec at the date of the distribution; and
- (c) such first trade (and in Québec, such alienation) is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

AND THE DECISION of the Decision Makers in each of the Hughes Listing Relief Jurisdictions and the News Listing Relief Jurisdictions under the Legislation is that GM, Hughes and News Corporation may represent in their consent solicitation disclosure document, an amended copy of which was filed with the United States Securities Exchange Commission on July 24, 2003, that following the Transactions, Hughes common stock and News Corporation Preferred ADSs will be listed on the New York Stock Exchange.

Dated this 18th, day of August, 2003

Daniel Laurion
Executive Director – Operations